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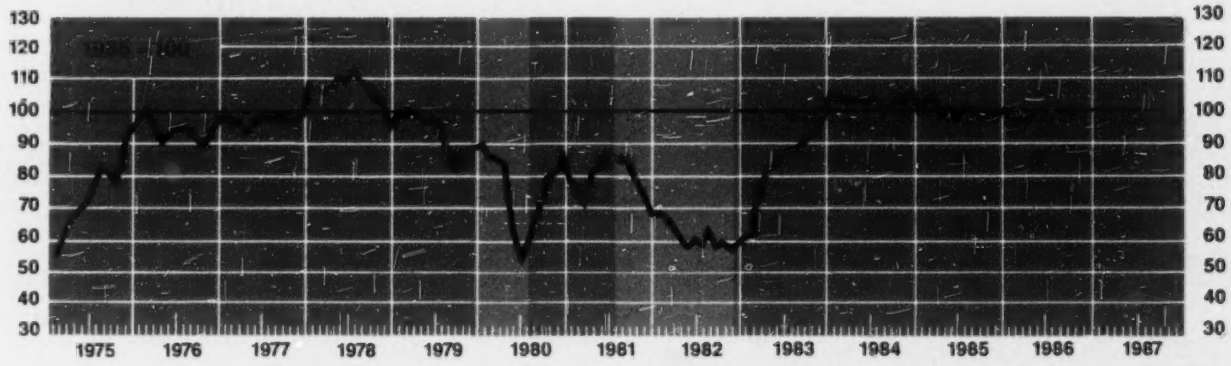
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

May, 1986



CONSUMERS MORE OPTIMISTIC PLANS TO BUY STRONG

Consumers were in better spirits in April than in March. The Board's Confidence Index (1985 = 100) now stands at 99.1, up slightly more than two points for the month. And plans to buy surged for all products included in the survey—cars, homes and appliances.

All of the gain in confidence reflects the consumers' more positive view of ongoing conditions. More persons than last time now say present business conditions are "good" and there was a small gain in the number who report jobs are "plentiful."

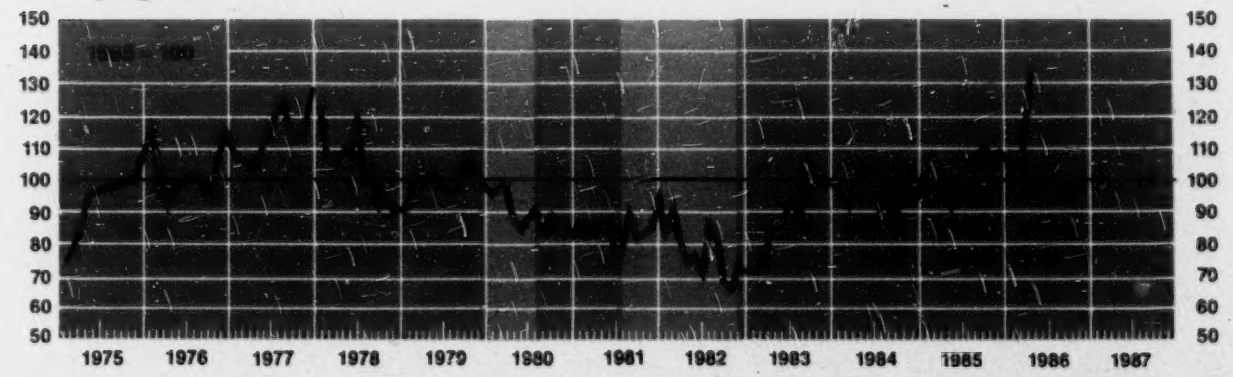
However, in looking ahead to the next six months, consumer opinion is mixed. More respondents than last time say business conditions will improve, but there was also an increase in those who fear conditions will worsen. Similarly, in appraising the job outlook, there was a rise in both those expecting more job openings and those who fear there will be fewer.

Buying plans were up sharply in April. Plans to buy an automobile within the next six months were expressed by 11.3% of all respondents, up from an already sturdy 8.9% the month before. Intentions to purchase a home were indicated by 5% of all those contacted, compared to a strong 4.1% previously. Plans for buying major appliances registered 43.2%, an imposing gain from 27.8% the month before.

While the strong surge in buying plans in April is still too recent to be fully convincing, it may well be an early indicator of a resurgence of strong consumer spending in the months ahead. Many observers have been expecting such a development for some time now. All of the ingredients for sturdy growth in consumer spending are in place: consumer optimism is high, personal income is up, consumer prices are stable, and interest rates are lower than they have been in a very long time. Perhaps next month's survey will indicate whether the moment has, in fact, arrived.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

All series seasonally adjusted	1985 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1986 Jan.	Feb.	Mar(r)	Apr(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8	97.8	96.9	96.9	99.1
Present Situation	104.4	98.5	99.9	101.2	95.2	97.4	100.6	99.7	101.3	100.4	97.8	95.0	101.3
Expectations	98.8	95.4	100.1	101.3	102.5	99.8	98.4	98.1	98.8	96.0	96.3	98.1	97.6
Buying Plans Index	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8	105.6	103.9	101.9	134.6
Appraisal of Present Situation: Percent													
Business Conditions													
Good	29.1	27.8	28.6	27.9	26.2	26.6	28.2	27.4	28.7	27.3	26.4	26.5	29.7
Bad	18.3	21.0	20.5	20.5	23.4	21.8	21.4	21.3	21.0	21.8	21.8	22.9	23.0
Normal	52.6	51.2	50.9	51.6	50.4	51.6	50.4	51.3	50.3	50.9	51.8	50.6	47.3
Employment													
Jobs plentiful	18.7	19.2	19.2	19.3	18.9	19.6	19.8	19.5	19.7	19.6	18.8	19.6	20.6
Jobs not so plentiful	51.8	48.5	49.0	50.4	49.7	48.2	49.3	49.6	49.6	50.7	50.8	46.8	48.3
Jobs hard to get	29.5	32.3	31.8	30.3	31.4	32.2	30.9	30.9	30.7	29.7	30.4	33.6	31.1
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.5	19.2	20.7	20.0	21.8	20.8	22.0	19.9	19.7	18.1	18.4	20.6	22.8
Worse	8.9	9.4	8.8	8.1	8.7	8.9	10.8	9.1	8.5	8.7	8.4	9.1	11.4
Same	71.6	71.4	70.5	71.9	69.5	70.3	67.2	71.0	71.8	73.2	73.2	70.3	65.8
Employment													
More jobs	15.4	14.4	15.7	15.4	16.8	16.1	16.7	15.2	15.5	13.6	14.2	15.8	17.2
Fewer jobs	16.0	17.0	16.0	14.9	15.4	16.7	16.7	17.3	16.1	16.8	16.8	17.7	19.6
Same	68.6	68.6	68.3	69.7	67.8	67.2	66.6	67.5	68.4	69.6	69.0	66.5	63.2
Income													
Increase	25.3	26.2	27.4	26.1	27.3	28.0	27.4	29.8	26.7	28.2	26.6	25.8	30.6
Decrease	7.4	8.3	7.8	7.5	7.8	8.0	8.3	7.9	8.4	7.7	8.2	7.4	7.6
Same	67.3	65.5	64.8	66.4	64.9	64.0	64.3	62.3	64.9	64.1	65.2	66.8	61.8
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	8.6	8.1	8.2	8.1	8.5	10.6	8.9	9.1	10.2	9.0	8.8	8.9	11.3
New	4.9	4.5	4.7	5.1	5.0	6.0	5.1	5.3	5.4	5.1	4.4	4.7	5.9
Used	3.0	2.7	3.1	2.6	3.1	3.1	2.9	2.8	3.3	2.9	2.8	3.0	3.9
Uncertain	0.7	0.9	0.4	0.4	0.4	1.5	0.9	1.0	1.5	1.0	1.6	1.2	1.5
Home													
Yes	3.6	3.3	3.3	3.4	3.6	3.4	3.6	3.8	3.9	3.7	4.2	4.1	5.0
New	1.0	0.9	1.0	1.1	1.0	1.0	1.1	0.8	0.9	1.3	1.0	1.3	1.4
Lived in	1.6	1.5	1.5	1.5	1.5	1.6	1.7	1.9	2.1	2.0	2.0	2.1	2.2
Uncertain	1.0	0.9	0.8	0.8	1.1	0.8	0.8	1.1	0.9	0.4	1.2	0.7	1.4
Major appliances													
Total plans	27.1	24.5	27.9	27.8	27.8	28.4	35.9	28.5	29.8	34.5	30.2	27.8	43.2
Refrigerator	3.8	3.4	4.2	4.4	3.9	3.7	5.1	3.9	4.4	5.8	4.3	3.9	6.4
Washing machine	4.5	3.0	3.5	3.8	3.8	3.9	6.2	3.7	3.8	4.9	4.3	4.1	7.1
Black and white TV	0.4	0.5	0.5	1.0	0.7	0.4	0.7	0.7	0.7	0.5	0.7	0.4	0.8
Color TV	7.3	7.2	7.8	7.0	7.5	7.8	10.0	8.1	8.5	9.3	8.5	7.9	12.8
Vacuum Cleaner	4.2	3.9	4.5	4.1	4.5	5.0	5.1	5.1	4.9	5.7	4.4	4.9	5.6
Range	2.2	2.5	2.7	3.0	3.0	2.7	3.2	2.7	3.0	3.0	2.5	2.0	3.8
Clothes dryer	3.2	2.5	3.1	3.1	2.8	3.4	4.1	2.9	3.1	3.8	3.4	3.5	5.0
Air conditioner	1.5	1.5	1.6	1.4	1.6	1.5	1.5	1.4	1.4	1.5	2.1	1.1	1.7
Carpet	7.4	6.2	7.4	7.6	7.1	7.0	8.7	6.7	6.6	7.3	6.9	7.0	9.1
Vacation Intended Within Six Months: Percent													
Vacation Intended	48.9		50.3		48.7		49.2		44.7		47.0		51.2
Destination													
Home state	9.3		9.7		9.4		8.8		8.0		9.2		10.9
Other state	33.8		35.2		34.0		35.4		32.2		31.9		35.5
Foreign country	8.2		6.9		7.1		6.0		5.9		7.4		7.1
Means of travel													
Automobile	30.1		32.1		29.9		29.8		26.1		28.2		31.4
Airplane	20.0		19.4		19.1		18.3		18.3		18.1		20.6
Other	5.7		4.3		4.1		3.8		4.5		5.0		4.7

(p)—preliminary (r)—revised

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters at (212) 759-0900.